

Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 FEA-01 AGR-05 CEA-01 CIAE-00 COME-00

DODE-00 EB-07 FRB-03 H-02 INR-07 INT-05 L-03 LAB-04

NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15 STR-04

TAR-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01 XMB-02

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TO SECSTATE WASHDC PRIORITY 7515

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TAGS: ETRD, IS

SUBJECT: ISRAEL AND GSP: ISRAELI DRAFT NOTES

REF: TEL AVIV 4485

ISRAELI DRAFT NOTES ON GSP FOLLOW:

A. QUOTE THE MINISTRY OF FOREIGN AFFAIRS PRESENTS ITS COMPLIMENTS TO THE EMBASSY OF THE UNITED STATES OF AMERICA AND HAS THE HONOR TO ADDRESS THE EMBASSY AS FOLLOWS IN THE CONTEXT OF THE JOINT STATEMENT ISSUED AT THE CONCLUSION OF THE MEETING ON MAY 13 OF THE UNITED STATES-ISRAEL JOINT COMMITTEE FOR INVESTMENT AND TRADE.

IT WILL BE RECALLED THAT THE COMMITTEE DISCUSSED THE PROVISIONS OF THE TRADE ACT OF 1974 CONCERNING THE GENERALIZED SYSTEM OF PREFERENCES AND AGREED THAT THE TWO GOVERNMENTS WOULD CONSULT TOGETHER AT AN EARLY DATE WITH A VIEW TO EXTENDING SUCH PREFERENCES TO ISRAEL CONSISTENTLY WITH THOSE PROVISIONS.

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THE CONSULTATIONS WERE DULY HELD IN WASHINGTON BETWEEN

JUNE 24 AND 27. AS A RESULT OF THEM, THE MINISTRY IS NOW IN A POSITION TO INFORM THE EMBASSY OF THE FOLLOWING ASSURANCES BY THE GOVERNMENT OF ISRAEL TO THE GOVERNMENT OF THE UNITED STATES OF AMERICA:

1. WITHIN ITS OVERALL PLAN TO REDUCE ITS IMPORT DUTIES ON A MOST-FAVORED-NATION BASIS, AND WITH A VIEW TO ELIMINATING PREFERENTIAL MARGINS THAT PRESENTLY EXIST AFFECTING UNITED STATES EXPORTS TO ISRAEL, THE GOVERNMENT OF ISRAEL WILL REDUCE DUTIES, AS INDICATED IN THE ACCOMPANYING LIST, ON THAT BASIS, ON OR BEFORE JANUARY 1, 1976.

2. FURTHERMORE, IT IS THE INTENTION OF THE GOVERNMENT OF ISRAEL TO AVOID ANY SIGNIFICANT ADVERSE EFFECTS IN FUTURE ON UNITED STATES EXPORTS TO ISRAEL THAT MAY RESULT FROM THE AGREEMENT MADE ON MAY 11 BETWEEN THE EUROPEAN ECONOMIC COMMUNITY AND ISRAEL. TO THAT END, AND ALSO BEARING IN MIND THE PRESCRIPTIONS OF SECTION 502(B)(3) OF THE TRADE ACT, THE GOVERNMENT OF ISRAEL WILL, AT LEAST FOR THE DURATION OF THE EXTENSION OF THE UNITED STATES GENERALIZED SYSTEM OF PREFERENCES TO ISRAEL, REDUCE DUTIES ON A MOST-FAVORED-NATION BASIS TO THE EXTENT PERMITTED BY THE SAID AGREEMENT OF MAY 11 ON ALL TARIFF ITEMS (EIGHT DIGITS) APPEARING IN THE ACCOMPANYING LIST WHICH MEET THE FOLLOWING CRITERIA:

A. THAT THE MOST-FAVORED-NATION DUTY CURRENT IS NOT LESS THAN 10.5 PERCENT. (THIS CRITERION WOULD BE SUBJECT TO JOINT REVIEW IN THE LIGHT OF THE ISRAELI TARIFF OF IMPORT DUTIES PREVAILING FROM 1980 ONWARDS).

B. THAT IMPORTS FROM THE UNITED STATES IN THE MOST RECENT CALENDAR YEAR FOR WHICH STATISTICS ARE AVAILABLE EXCEEDED \$400,000, ON THE BASIS OF THE EIGHT-DIGIT ISRAELI NOMENCLATURE IN FORCE ON JULY 1, 1975.

C. THAT THE SHARE OF THE EUROPEAN ECONOMIC COMMUNITY IN THE TOTAL OF ISRAELI IMPORTS WAS AT LEAST 10 PERCENT DURING THE MOST RECENT CALENDAR YEAR.

THESE REDUCTIONS OF DUTY SHALL BE IMPLEMENTED WITHIN THREE MONTHS OF PUBLICATION OF ISRAEL'S OFFICIAL IMPORT TRADE STATISTICS FOR THE PREVIOUS YEAR BEGINNING WITH LIMITED OFFICIAL USE

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THE PUBLICATION OF SUCH STATISTICS FOR THE CALENDAR YEAR 1976 AND EACH YEAR THEREAFTER.

3. IMPORT DUTIES ON ALL OTHER ITEMS WHICH MAY BE OF PARTICULAR INTEREST TO THE UNITED STATES, BUT WHICH DO NOT QUALIFY FOR REDUCTIONS ON A MOST-FAVORED-NATION BASIS UNDER PARAGRAPH 2 ABOVE, WILL BE REDUCED IF UNITED

STATES TRADE IN SUCH ITEMS WOULD OTHERWISE BE ADVERSELY AFFECTED IN SIGNIFICANT MEASURE. SUCH REDUCTIONS SHALL BE IMPLEMENTED WITHIN THREE MONTHS OF PUBLICATION OF ISRAEL'S OFFICIAL IMPORT TRADE STATISTICS FOR THE PREVIOUS YEAR, BEGINNING WITH THE PUBLICATION OF SUCH STATISTICS FOR THE CALENDAR YEAR 1976 AND EACH YEAR THEREAFTER.

4. FURTHERMORE, AT THE REQUEST OF EITHER COUNTRY, JOINT REVIEWS WILL BE HELD TO CONSIDER THE ADDITION OF PRODUCTS TO THE ACCOMPANYING LIST OR THEIR REMOVAL FROM IT. LIKEWISE, AT THE REQUEST OF EITHER COUNTRY, DISCUSSIONS WILL BE HELD ON SUCH OTHER RELEVANT FACTORS AS THE INTERPRETATION OF THE ABOVE-MENTIONED REQUIREMENTS OF THE TRADE ACT AND THEIR POSSIBLE INFLATIONARY IMPACT ON THE CRITERIA ENUMERATED.

THE MINISTRY OF FOREIGN AFFAIRS AVAILS ITSELF UNQUOTE.

B. QUOTE. THE MINISTRY OF FOREIGN AFFAIRS PRESENTS ITS COMPLIMENTS TO THE EMBASSY OF THE UNITED STATES OF AMERICA AND HAS THE HONOR TO REFER TO THE MINISTRY'S NOTE NO.(PARA BLANK) OF (PARA BLANK), AND TO THE UNDERSTANDING WHICH WAS ARRIVED AT BY THE GOVERNMENT OF ISRAEL IN THE COURSE OF THE CONSULTATIONS THAT TOOK PLACE IN WASHINGTON BETWEEN JUNE 24 AND 27, NAMELY, THAT THE REDUCTIONS IN IMPORT DUTIES THAT ARE TO BE MADE BY ISRAEL IN RESPECT OF GOODS FROM THE UNITED STATES ON A MOST-FAVORED-NATION BASIS SHALL NOT ADVERSELY AFFECT ISRAEL'S BARGAINING POSITION VIS-A-VIS THE UNITED STATES IN THE MULTI-NATIONAL TRADE NEGOTIATIONS. THE GOVERNMENT OF ISRAEL WOULD BE GRATEFUL IF THE GOVERNMENT OF THE UNITED STATES OF AMERICA WERE FORMALLY TO RECORD THAT IT HAS TAKEN COGNIZANCE OF THE UNDERSTANDING IN QUESTION.

THE MINISTRY OF FOREIGN AFFAIRS AVAILS ITSELF...UNQUOTE.

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